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Title of Document: Calculation of Room and Board for Non-ICF/MR Programs

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Applicability: All DSN Boards, All Financial Managers, All Contracted Residential Service Providers.

I. PURPOSE

The purpose of this document is to state policy and procedures for calculating room and board charges for DDSN non-ICF/MR programs and applying consumers' income toward room and board.

Current Regulations:

According to the State Medicaid Manual – HCFA Publication 45-4, Section 4442.3 B.12:

“Except for respite care furnished in a state approved facility that is not a private residence (see item 4), FFP is not available for room and board of the recipient as part of a home and community-based service. “Board” means three meals a day or any other full nutritional regimen. “Room” means hotel or shelter type expenses including all property related costs such as rental or purchase of real estate and furnishings, maintenance, utilities and related administration services.

NOTE: Item 4 referenced above defines Institutional Respite.

Residential Habilitation is described in the DDSN MR/RD Waiver Manual as the following:

DISTRICT I

P.O. Box 239
Clinton, SC 29325-5328
Phone: (864) 938-3497

Midlands Center - Phone: 803/935-7500
Whitten Center - Phone: 864/833-2733

DISTRICT II

9995 Miles Jamison Road
Summerville, SC 29485
Phone: 843/832-5576

Coastal Center - Phone: 843/873-5750
Pee Dee Center - Phone: 843/664-2600
Saleeby Center - Phone: 843/332-4104

Residential habilitation services include the care, skills training, and supervision provided to individuals in a non-institutional setting. The degree and type of care, supervision, skills training, and support of individuals will be based on the plan and the individual's needs. Services include assistance with acquisition, retention, or improvement in skills related to activities of daily living, such as personal grooming and cleanliness, bed making and household chores, eating and the preparation of food, and the social and adaptive skills necessary to enable the individual to reside in a non-institutional setting. Payments for residential habilitation are not made for room and board, the cost of facility maintenance, upkeep and improvement, other than such costs for modifications or adaptations to a facility required to assure the health and safety of residents, or to meet the requirements of the applicable life safety code. Payment for residential habilitation does not include payments made, directly or indirectly, to members of the individual's immediate family. Payments will not be made for the routine care and supervision which would be expected to be provided by a family or group home provider, or for activities or supervision for which a payment is made by a source other than Medicaid.

II. POLICY

All DSN Boards and Private (QPL) Residential Service Providers must establish an official policy for charging consumers for the cost of room and board. This policy must address at a minimum both applying consumers' income toward the cost of room and board and the determination of the room and board charge. The monthly charge must be fair and equitable. In no circumstance may the charge for room and board exceed the actual cost of room and board.

The residential service provider will review their room and board cost and room and board charges at least on an annual basis. The residential service provider will also make appropriate adjustments during the year to ensure fair and equitable application of the policy

All room and board policies and any subsequent changes to the policies must be approved by the Director of Cost Analysis. All room and board policies must be approved annually.

III. PROCEDURES

1. Applying Consumer Income Toward Room and Board

Both unearned and earned income can be applied toward the cost of room and board. Consumers must retain a minimum of \$50 of unearned income per month and a minimum of 50% of earned income per month.

For consumers living in HUD facilities, the amount of the HUD subsidy must be considered in determining the amount of earned and unearned income to apply toward

room and board. The HUD subsidy must be applied first toward the room and board charge before applying unearned and earned income.

2. Calculating Room and Board

The room and board charge may be residence specific or an average of all similar residences. For example: all Community Training Home IIs in a specific geographical area.

Room and Board charges to a consumer may not exceed the actual cost of room and board.

Examples of cost categories to consider:

Food	Water	Cable/Satellite Television
Telephone (consumer use)	Exterminating	Furnishings
Electricity	Trash Removal	Household Supplies
Property taxes and insurance	Yard Maintenance	
Maintenance (contractual and supplies)	Rental Charge – can be based on fair market rental value, purchase (share of mortgage payment), and depreciation expense.)	

Note on Rental Charge: Certain categories listed above should be included/excluded from the room and board cost calculation depending on the method used to calculate a rental charge. For example, if rent is computed based on fair market rental value, the cost categories that would normally be the responsibility of the landlord such as maintenance, property taxes, property insurance, etc., would not be included.

Note on Furnishings: Startup costs for furnishings are amortized over 60 months for Medicaid cost reporting purposes. Compute the cost of furnishing the residence and determine a per-month expense based on a sixty (60) month amortization to use in the room and board computation.

Note on Transportation: In most cases, transportation costs are considered to be a component of residential habilitation – not room and board costs – and cannot be charged to consumers.



Deputy State Director,
Administration (Originator)



State Director (Approved)

ATTACHMENT: A. CALCULATING ROOM AND BOARD EXAMPLE

Attachment A: Calculating Room and Board Example

**Computation of Room & Board Costs for CTH II Consumers Based on 6/30/08 Audited Financial Statements
For the year ending 6/30/06**

<u>Cost</u>	<u>Park CTH II</u>	<u>River CTH II</u>	<u>Meadow CTH II</u>	<u>Total</u>
Food	4,636	4,670	5,438	14,744
Telephone	1,830	2,476	1,871	6,177
Electricity	4,445	3,662	3,347	11,454
Water				-
Exterminating				-
Trash Removal				-
Cable/Satellite TV	931	1,086	924	2,941
Maintenance - contractual and supplies	4,501	4,515	5,155	14,171
Yard Maintenance	720	720	720	2,160
Household supplies	1,875	1,505	1,352	4,732
Furnishings				-
Property Insurance	230	152	286	668
				-
Rent (computed from one of three methods below)	12,136	12,136	12,136	36,408
				-
				-
				-
Total Annual Cost	31,304	30,922	31,229	93,455
Total Monthly Cost	2,609	2,577	2,602	7,788
Number of residents	4	4	4	12
Monthly room & board per resident	652	644	651	649

1. Computation of rental charge based on current market value of similar homes in the area

Current market rentals in the area can be surveyed and calculated as below or the HUD

Fair Market Rent Documentation System may be used to find FMV rent for the area. The website address for the HUD FMV Documentation System is <http://www.huduser.org/datasets/fmr.html>.

	<u>Monthly Rent</u>
123 Center St, Anytown, SC	1,500
456 Suburb Dr, Anytown, SC	1,250
111 Country Ln, Near Anytown, SC	1,400
525 Main St, Anytown, SC	1,560
Average monthly rent	1,428

2. Depreciation Expense

(building & improvements / useful life)

<u>Park CTH II</u>	<u>River CTH II</u>	<u>Meadow CTH II</u>	<u>Total</u>
			-

3. Mortgage or estimated mortgage expense

Price (current fair market value of building or actual cost)	160,000
Deemed interest	6.50%
Life of loan in months	360
Monthly Payment	\$1,011.31

Annual Mortgage Payments	\$12,135.71
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NOTE: If using Method 1 - Fair Market Rental Value - do not include the cost of items that are typically the responsibility of the landlord such as property insurance, maintenance and repairs, exterminating, and yard maintenance. The costs that are typically the landlord's responsibility in the area are excluded. For example, yard maintenance may or may not be the landlord's responsibility in the area.